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Held at Headquarters, New York, on Tuesday, 1 December 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
later: Mr. Armitage (Vice-Chairman) ..... (Australia)
later: Mr. Abelian (Chairman) ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Organization of work

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98-83680 (E)

The meeting was called to order at 10 a.m.

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Programme budget implications of draft resolution A/C.3/53/L.23 concerning agenda item 110 (a) (A/C.5/53/37)

1. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the statement submitted by the Secretary-General (A/C.5/53/37) indicated that the adoption of draft resolution A/C.3/53/L.23 by the General Assembly would give rise to expenditure in the amount of $332,900 under section 1B, General Assembly affairs and conference services, of the programme budget and $19,000 under section 22, Human rights. The latter amount represented subsistence allowances for 10 members of the Committee against Torture. The conference-servicing costs would be covered from resources already approved under the programme budget, and the additional $19,000 would be dealt with in accordance with the procedure for the use and operation of the contingency fund.

2. **Mr. Moktefi** (Algeria) said that his delegation would have no problem approving the programme budget implications referred to in the Secretary-General's statement (A/C.5/53/37). However, he wondered why paragraph 4 of the statement indicated that conference services would be provided in only four of the Organization's official languages.

3. **Mr. Sach** (Director, Programme Planning and Budget Division) said that the four languages in question were the official languages of the Committee against Torture.

4. **The Chairman** recalled the provisions of General Assembly decision 34/401, paragraph 13 B, and said he took it that the Committee wished to inform the General Assembly that, should it adopt draft resolution A/C.3/53/L.23, an additional provision of $19,000 would be required over and above the resources approved under section 22, Human rights, of the programme budget for the biennium 1998–1999. The additional requirements for the year 2000 would be dealt with in the context of the preparation of the proposed programme budget for the biennium 2000–2001.

5. *It was so decided.*

Programme budget implications of draft resolution A/C.3/53/L.18/Rev.1 concerning agenda item 108 (A/C.5/53/36)

6. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the statement submitted by the Secretary-General (A/C.5/53/36) indicated that the adoption of draft resolution A/C.3/53/L.18/Rev.1 by the General Assembly would give rise to expenditure in the amount of $33,200 under section 22, Human rights, of the programme budget and $197,000 under section 1B, General Assembly affairs and conference services. The additional requirements of $33,200 under section 22, which represented subsistence allowances for 18 members of the Committee on the Elimination of Racial Discrimination, would be governed by the procedure for the use and operation of the contingency fund. The additional requirements for the biennium 2000–2001 would be reflected in the programme budget for that biennium.

7. **The Chairman** said he took it that the Committee wished to inform the General Assembly that, should it adopt draft resolution A/C.3/53/L.18/Rev.1, an additional provision of $33,200 would be required over and above the resources approved under section 22, Human rights, of the programme budget for the biennium 1998–1999. The additional requirements for the year 2000 would be dealt with in the context of the preparation of the proposed programme budget for the biennium 2000–2001.

8. *It was so decided.*

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Administrative arrangements for the International Trade Centre UNCTAD/WTO (A/53/7/Add.3; A/C.5/52/25 and A/C.5/52/45; A/C.5/53/38)

9. **Mr. Benjelloun-Touimi** (Chairman of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO) said that the new administrative arrangements proposed by the Advisory Committee (A/53/7/Add.3, para. 11) had been thoroughly discussed and agreed upon in a series of consultations that had involved all stakeholders in the International Trade Centre (ITC), including the Joint Advisory Group, the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD), and the States members of the World Trade Organization (WTO) and of UNCTAD. Technical details on the issue had already been provided to the Fifth Committee earlier in the current session.

10. Although the proposal before the Committee was technical in nature, its real objective was to enhance coherence among the Geneva-based institutions dealing with trade and development; namely, UNCTAD, WTO and ITC. Improved coordination was most crucial for ITC, which, as an offshoot of the other two institutions, was required to comply with the rules and regulations of both. Thus, the improvement of working procedures would impact synergies between WTO and UNCTAD by enhancing their cooperation through ITC. The alternative was to continue to require ITC to duplicate its efforts and waste resources by preparing and submitting one proposed budget according to United Nations rules and another according to WTO rules, even though the two budgets were the same and the membership of the two organizations would eventually be the same, since WTO was on its way to becoming a universal institution. In general, the proposed new arrangements would help to address the problems caused by a lack of coherence at various levels, which had given rise, *inter alia*, to "turf battles" between Geneva and New York.

11. The solution to those problems was based on the common-sense approach of enabling ITC, which was purely a technical cooperation agency, to concentrate on providing such cooperation instead of on complying with excessive bureaucratic requirements. The proposed arrangements would increase not only the Centre's effectiveness, but also its accountability and responsiveness to its direct constituency, namely, the permanent missions in Geneva. Lastly, the Fifth Committee could rest assured that the arrangements proposed by the Advisory Committee respected the integrity of United Nations budgetary and administrative rules.

12. **Mr. Moktefi** (Algeria) pointed out that the letters from the President of the Trade and Development Board and the Chairman of the Joint Advisory Group, which appeared in the annexes to document A/C.5/53/38, indicated only that the Board and the Group had endorsed the proposals contained in paragraph 11 (c) of the Advisory Committee's report (A/53/7/Add.3). He wondered whether the proposals contained in the other subparagraphs of paragraph 11 had also been endorsed. He also asked whether the new administrative arrangements would have any impact on the programme of work of ITC.

13. **Mr. Benjelloun-Touimi** (Chairman of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO) said that all the arrangements proposed by the Advisory Committee had been discussed and endorsed and that the specific references in the letters to subparagraph (c) were erroneous. He would be pleased to have new letters prepared and forwarded promptly to the Committee. To his knowledge, the new arrangements would have no impact on the programme of work of ITC.

14. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) suggested that the correction made orally by the Chairman of the Joint Advisory Group should be regarded as an official statement before the Committee and that the latter should not wait for the letters to be resubmitted before taking action. He confirmed that the proposed new arrangements would involve no change in the roles currently played by the United Nations (including UNCTAD, the Committee for Programme and Coordination and the Advisory Committee), ITC and WTO in programme formulation review and approval. If the proposals had affected those roles, the Advisory Committee would have made that fact clear to the Fifth Committee. The United Nations would continue to perform its control functions, and its Financial Regulations would continue to apply to ITC.

15. **The Chairman** suggested that the Committee should recommend that the General Assembly should take note of the note by the Secretary-General contained in document A/C.5/53/38 and endorse the administrative arrangements for the International Trade Centre UNCTAD/WTO, as contained in paragraph 11 of the report of the Advisory Committee in document A/53/7/Add.3.

16. *It was so decided.*

Procurement reform (*continued*) (A/52/887 and A/52/1010; A/53/271 and Corr. 1 and Add.1, and A/53/692; A/C.5/52/46)

17. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, said that the members of the Group called for the strictest compliance with the procurement rules and considered that every possible measure should be taken to increase procurement from the developing countries on the broadest possible geographical basis. It was worrying that only 10 countries out of a membership of 185 accounted for 93 per cent of United Nations procurement; the Rio Group accounted for zero per cent.

18. No reform of the Organization could be complete and fair unless it included procurement reform. As developing countries, the members of the Rio Group did not seek conditions which benefited certain Member States by means of subsidies or concealed protection, but rather conditions which provided transparency in the bidding and procurement process, support for non-headquarters States, and fair access based on the quality of goods and services.

19. The Group fully endorsed the comments on procurement made in the report of the Board of Auditors (A/53/5, vol. I, chap. II, paras. 90–104) and in the related report of ACABQ (A/53/513, paras. 22–31). In particular, the problems connected with the time allowed for bidding, mentioned in paragraph 91 of the Board's report, must be solved. It was particularly worrying that in 17 cases, although the value of the contract exceeded $200,000, the time allowed had been less than four weeks, and that in one case only 21 days had been allowed for a major contract for electrical equipment totalling $14.46 million and only two bidders had responded out of the 32 to whom bids had been sent. The Procurement Manual must include clearer guidelines on bidding and should specify the frequency at which the evaluation of potential suppliers should be reviewed. The Group welcomed the issue of the revised Procurement Manual but pointed out that it did not include model forms for registration on the supplier roster or model forms for bidding.

20. Since some of its members were troop contributors, the Rio Group was profoundly concerned about the fraudulent conduct of certain suppliers referred to in two of the Secretary-General's reports on the activities of the Office of Internal Oversight Services (OIOS) (A/52/426, paras. 60–63, and A/53/428, paras. 66–70). It was particularly worrying that the International Civil Aviation Organization itself had discovered suppliers which had failed to adhere to basic international aviation standards. That was an area in which cost savings must not be made at the expense of a reduction in the safety of United Nations troops.

21. Many other irregularities had been described by OIOS in two of its reports (A/51/432 and A/53/428), and the Advisory Committee had characterized some of the irregularities found in the Procurement Division as "very serious" (A/53/513, para. 25).

22. The Rio Group did not wish to take up the findings of OIOS under the present agenda item but rather to stress that the Organization could combat the procurement irregularities — and, in some cases, crimes — only by greater transparency and publication of information. That indeed was the only way to achieve greater equity in procurement and to improve the Organization's public image. Publicity was essential to the reform, for it offered the sole guarantee of good management.

23. The Rio Group would like to have a detailed list of the goods purchased by the Organization indicating their origin, volume, customs nomenclature and value, together with a list of suppliers and examples of bidding exercises, particularly for foodstuffs. It would also welcome more information about the Secretariat's consolidated procurement system: the reasons for using the system; the prices paid to contractors for the purchase of the baskets of goods; and the destination in each area of the basket of goods and whether the baskets were divided up on arrival. It was also important for the Secretariat to comply with subparagraphs 13 (a) and (b) of resolution 52/226 A, which stipulated that all invitations to bid should be posted on the Procurement Division Web site homepage and also sent to the permanent missions. Six months after the adoption of that resolution, no information had been made available on the implementation of those provisions. The Group would also like to have a list of the staff of the Procurement Division indicating their nationality and function.

24. *Mr. Armitage (Australia), Vice-Chairman, took the Chair.*

25. **Ms. Butschek** (Austria), speaking on behalf of the European Union, said that she wished to address only a few broad concerns at the present stage, reserving detailed comments until later. The Secretary-General's assurance that the measures implemented so far had improved the procurement system was welcome, as was the integration of the procurement function of the Department of Development Support and Management Services into the Procurement Division. The publication of procurement plans for peacekeeping beginning with the next biennium was also welcomed, not least because those plans might help to eliminate the problem of short lead times. In that context, increased cooperation between the Procurement Division and the Field Administration and Logistics Division was of the utmost importance.

26. Despite the improvements, current standards were still not those expected of a professional procurement office. It was perhaps inevitable, given the lack of objective information, that the feedback was subjective, but the European Union was not convinced by paragraph 6 of the Secretary-General's report (A/53/271) with regard to measuring the efficiency of procurement. A single year did not offer a representative measure of performance; statistics for similar previous years together with estimates for 1998 must be provided.

27. The Procurement Division seemed to attach low priority to its cumbersome registration process, which made it difficult for new companies, including companies from developing countries and countries with economies in transition, to compete for United Nations business. The methodology for collecting statistics needed further development in order to provide a clearer picture of the true national provenance of companies benefiting from

procurement contracts. Moreover, the value of public bid-openings for requests for proposals was being undermined because the Procurement Division no longer disclosed the prices and types of service or goods offered. Such disclosure enhanced the learning process of unsuccessful bidders, increasing competition to the benefit of the United Nations.

28. The European Union attached importance to its proposal that among equally well-qualified suppliers preference should be given to those from countries which were not in arrears on their assessed contributions. It doubted the validity of the comparison with the European Union given in paragraph 19 of the Secretary-General's report (A/53/271/Corr.1). The time had come to implement the proposal.

29. The European Union welcomed the Secretary-General's intention to issue a comprehensive revision of all the regulations and rules referred to in paragraph 5 of his report; information about the date of issue would likewise be welcomed. It noted the reasons why an ombudsman had not yet been appointed to deal with complaints, and emphasized again that the function must be performed by someone who could act truly independently. With regard to the classification of the post of chief of the Procurement Division, the reforms needed to be managed by a suitably qualified senior staff member recruited specifically for the task and able to deliver what should be expected from a professional procurement office.

30. The European Union reiterated its concern about the many procurement irregularities identified by the Board of Auditors, on which it had already commented under agenda item 111. It welcomed the Secretary-General's intention to take further action to improve the procurement system and looked forward to hearing more details at a later stage.

31. **Mr. Nee** (United States of America) said that his delegation was pleased by the steady progress being made in improving procurement procedures, including the publication of the revised Procurement Manual, the continued growth of the supplier roster, and the increased use of the Procurement Division Internet Web site. Free and fair competition was the bedrock of a transparent procurement system in which goods and services were obtained on the most cost-effective terms. Continued expansion of competitive bidding was therefore essential, and any attempt to award contracts on any basis other than a strictly competitive one would drive up costs and work against the gains achieved so far by the procurement reform effort. The common approaches being taken in the United Nations system to optimize procurement resources, such as the development of common procurement regulations and the Common Supplier Database, would improve the effectiveness and efficiency of procurement activities. Such cooperation should be intensified.

32. **Mr. Sulaiman** (Syrian Arab Republic) acknowledged the achievements of the Secretariat in widening the geographical basis of suppliers in accordance with General Assembly resolution 52/226, but noted that, although the number of provisionally and fully registered vendors had increased between 1997 and 1998, as stated in paragraph 14 of the Secretary-General's report (A/53/271), the proportion of developing countries that were awarded procurement contracts was still low. That was a matter that required further attention. His delegation noted that the efforts of the Secretariat to identify potential vendors in the developing countries and to increase the representation from those countries in the bidding for, and award of, contracts was largely restricted to posting an announcement on the World Wide Web and specifying a time limit. If the Secretariat were to make a practice of notifying the permanent missions in writing of the procurement requirements of the United Nations, that would enable them to bring the matter to the attention of potential suppliers in their countries. Communications on that matter tended to be sent by the Procurement Division to the permanent missions only when the subject was being discussed by the Fifth Committee, whereas the Division should be in permanent contact with the missions, particularly those from the developing countries that were either unrepresented or under-represented on the supplier roster.

33. Concerning the visits made by the Inter-Agency Procurement Services Office to certain countries, his delegation wished to know which countries had been visited and whether they included the developing countries which, under the terms of resolution 52/226, were particularly in need of procurement contracts. He also asked whether the Middle East region had been visited, and, if so, who had participated in the visit. He noted the statement made by the Assistant Secretary-General for Central Support Services to the effect that the United Nations took part in seminars held in certain countries when it was invited to do so and asked about the mechanism for arranging such visits and how they were organized so as to make the participation of the United Nations possible.

34. His delegation supported the statement in paragraph 8 of the report of ACABQ (A/53/692) to the effect that, in his next report on procurement, the Secretary-General should indicate on what basis the country of procurement was determined and how that methodology compared with recognized international practice. His delegation also shared the view of the Advisory Committee that there was a need

to distinguish between purchase orders made in developing countries to acquire goods and/or services from elsewhere and procurement of goods and/or services from developing countries.

35. In conclusion, he said that the Procurement Manual and other United Nations documents concerning procurement should be translated into the six official languages of the Organization. That would considerably assist in the efforts to increase the share of the developing countries in the award of procurement contracts, in accordance with resolution 52/226.

Agenda item 119: Human resources management (*continued*) (A/53/266, A/53/327, A/53/342, A/53/375 and Corr.1, A/53/385, A/53/414, A/53/501, A/53/502 and Add.1, A/53/526 and Add.1, A/53/548, A/53/642 and A/53/691)

36. **Mr. Yamagiwa** (Japan), referring to the note by the Secretary-General on internal vacancies in the Secretariat (A/53/327) and the related report of ACABQ (A/53/691), which commented on judgement No. 852, Balogun (1997) of the United Nations Administrative Tribunal, noted that the Administrative Tribunal had ruled that, since there was no legal definition of the term "internal" and in the light of Articles 8 and 101 of the Charter, the appointment and promotion bodies ought to have permitted all the candidates in the service of the United Nations to apply for the post in question regardless of the series of the Staff Rules under which they had been appointed. The judgement contradicted the decision of the General Assembly contained in section V, paragraph 2, of resolution 52/219, in which it excluded 200 series project personnel from eligibility for internal vacancies. The judgement thus undermined the system of desirable ranges and obstructed the Secretary-General's intention to make significant progress in the geographical representation of Member States in the Secretariat. The implications of the judgement might be even more serious since the Tribunal's reasoning would apply equally to 300 series personnel holding contracts of limited duration.

37. His delegation could not endorse the judgement and supported the recommendation of the Advisory Committee contained in paragraph 8 of its report. It also agreed with the Chairman of the Advisory Committee that the General Assembly should take action on an urgent basis, so that clear guidance would be provided for the Secretariat to enable it to comply with the relevant General Assembly resolutions.

38. According to paragraph 24 of the first performance report for the current biennium (A/53/693), the vacancy rate for the Professional category and above for 1998 was expected to be slightly over 10 per cent. That matter should be considered in the context of item 119 because it was an issue relating to the Secretariat's human resources management policy and practice.

39. **Mr. Liu Yanguo** (China) said that his delegation endorsed the views of the Advisory Committee on human resources management reform. The creation of a new management culture in the Organization was a gradual process requiring proper preparation. He trusted that the Office of Human Resources Management would approach the exercise with due care. Delegation of authority, in particular, would require well-thought-out measures. His delegation would like to be kept better informed of developments, bearing in mind the need for General Assembly authorization.

40. His delegation agreed with the Advisory Committee regarding internal vacancies; in that connection, the resolutions of the General Assembly must be respected. He also endorsed the Advisory Committee's views on the use of consultants and retirees, and asked for more information to be provided.

41. **Mr. Fedorov** (Russian Federation) said that the comments of the Advisory Committee on human resources management reform in paragraphs 19 and 20 of its report (A/53/691) coincided with the comments made by his delegation in its earlier statement on the item: what was needed was an implementation plan indicating the specific measures by means of which the Secretary-General intended to carry out the reform. The Advisory Committee should be more closely involved in the consideration of problems of human resources management, which was a key element in the reform of the Organization's management. The Advisory Committee's views were extremely important to the Fifth Committee in that regard.

42. His delegation would have wished for a deeper analysis of the problem of internal vacancies in the Secretariat. It was common knowledge that the internal vacancies system was not a universally accepted recruitment practice but a by-product of the vacancy management and staff redeployment system, introduced as an exceptional measure in 1986 during the financial crisis. The proposal was now to institutionalize that ad hoc measure as the rule for staff recruitment. That proposal clashed with the Charter criteria for staff recruitment and the relevant resolutions of the General Assembly and worked against the interests of the Organization as a whole, constituting an obstacle to the recruitment of new talent.

43. The issue could not be resolved in one fell swoop; it was important to consider all its aspects with a view to

enhancing the effectiveness of the Organization and ensuring equal opportunities both for qualified and conscientious members of the Secretariat and for competent specialists from outside.

44. **Ms. Butschek** (Austria), speaking on behalf of the European Union, said, with reference to internal vacancies, that the Secretary-General must be able to recruit the best candidates. It was important to retain national competitive examinations, to ensure career development, and to observe geographical and gender distribution.

45. **Mr. Park Hae-yun** (Republic of Korea) said that his delegation had noted with keen interest the recent judgement of the United Nations Administrative Tribunal on internal candidates and internal vacancies. He understood the Tribunal's reasoning that the appointment and promotion bodies should be given the greatest latitude to choose from among staff members in order to secure the highest standards required by the Charter. Nevertheless, it was important to take account of the potential impact on the current placement and promotion process; the judgement would make it extremely difficult for the Secretariat to comply with various General Assembly resolutions on the competitive examination system, the system of desirable ranges and eligibility for internal vacancies. He shared the concern that the judgement would require a radical change in current practices and would have a serious impact on career progression opportunities.

46. His delegation therefore expressed its support for the current system, which was aimed at encouraging career development. Since the Tribunal had cited staff regulation 4.4, that regulation should be amended to allow the maintenance of current human resources management policies. Given the importance of the issue, he would welcome a comprehensive study on the validity of the distinction between internal and external candidates.

47. He welcomed the Secretary-General's report on the employment of retirees (A/53/526) and the useful guidelines it contained. However, he noted certain weaknesses with regard to the monitoring of the use of retirees, and hoped that those shortcomings could be addressed with the full implementation of the Integrated Management Information System at Headquarters and other duty stations. He also welcomed the Secretary-General's policy guidelines for the use of consultants (A/53/385), and endorsed the new definitions for consultants and individual contractors.

48. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, said that the Group had taken note of the Advisory Committee's comments on human resources management, and supported the views expressed by the representative of China.

49. **Mr. Jaremczuk** (Poland) said that his delegation wished to align itself with the statement made by the representative of Austria on behalf of the European Union.

50. **Ms. Silot Bravo** (Cuba) said that she regretted the lack of substantive advice in the Advisory Committee's report on human resources management as to how the General Assembly should approach what was a very complex issue. She also regretted the absence of specific proposals from the Secretary-General on how to implement the strategy for decentralization and delegation of authority and functions. There was an imbalance between the proposed delegation of authority and the system of accountability of programme managers, who constituted an essential element in the strategy. There was also no system for evaluating the quality of decisions taken to guard against poor or improperly motivated decision-making. In that regard it would be important to strengthen the internal system of justice to guard against discriminatory decisions.

51. The Administration seemed to be attempting to give a new dimension to the human resources strategy approved by the General Assembly in 1994; specific measures should be approved before they were implemented. In view of the uncertainties that had been expressed, she asked for clarification as to how far implementation had progressed. Her delegation would prefer to see the matter deferred until the following session to allow time for information to be provided on specific implementation measures.

52. *Mr. Abelian (Armenia) resumed the Chair.*

53. **Ms. Salim** (Assistant Secretary-General for Human Resources Management) noted the almost universal acknowledgment of the importance of learning and skills development as a key to the success of human resources management reform. In order to empower staff and managers — the central element in the reform agenda — there must be a framework for continuous learning to allow staff and managers the opportunity to learn new skills. Managers must be true managers in every sense, able to make informed decisions. Such skills must also be offered to mid-level and junior Professionals, who would assume managerial responsibilities as they moved forward in their careers.

54. As the Secretary-General had stated, the Organization had not invested enough in staff development in the past. The Administration would be looking to the Fifth Committee for support to ensure that appropriate resources were made available in the future.

55. Delegation of authority and accountability of managers had been a concern of all delegations addressing the Committee. There were specific concerns that managers did not comply with mandates, that recruitment, if delegated, would not be carried out in a fair and transparent manner, that the number of unrepresented and under-represented countries would not be reduced, that staff would not be managed well or have the means to redress decisions, and that there would not be a consistent application of entitlements to benefits and allowances if the processing of those entitlements was delegated to departments.

56. She agreed that delegation of authority for human resources management would be doomed to failure if the Secretary-General were to decide on such a course without addressing the issue of accountability, without training managers and their staff to carry out the new functions, without providing comprehensive guidelines on human resources management and administration, without the establishment of appropriate monitoring mechanisms, and without a central authority to monitor and provide guidance and support.

57. It was not, however, the Administration's intention to fail, and the delegation of human resources authority would be carried out in a comprehensive and strategic manner; lessons would be learned from earlier mistakes. The Office of Human Resources Management was identifying those functions which were currently administered centrally and was examining the ability of departments and offices to undertake them. Staff training needs would be assessed, functions would be streamlined, and easy-to-apply guidelines would be established. Before delegation, monitoring systems would be in place to ensure the consistent application of the rules and regulations across departments and offices and between duty stations. Substantive human resources authority would not be delegated until the prerequisites were in place.

58. Responding to issues which had been raised in connection with staff development and training, she said that, in the biennium 1996–1997, training funds had been targeted towards the key areas of management development, information technology, increasing the Organization's capacity to manage human and financial resources, the upgrading of substantive and technical skills and career support, and language and communication skills development.

59. Particular priority had been given to management development. A wide range of programmes had been made available to staff throughout the Secretariat. In 1998 emphasis had been placed on follow-up at the departmental level, increased opportunities for upgrading skills, the introduction of new information technology standards, and the management of human and financial resources in an increasingly decentralized environment.

60. She agreed that there was a need for careful evaluation of the effectiveness of training programmes; evaluation was integrated into all staff development activities to assess their effectiveness. With regard to the scepticism expressed about the need to invest in ongoing training and staff development, she said that the Secretary-General had made clear his position that building and maintaining the professional competence of staff was a critical investment in the Organization's future.

61. The current global environment was characterized by continuing expansion of knowledge and information, rapidly changing technologies and increasingly complex problems. In such an environment, static organizations based on narrow sets of skills would become obsolete; the future of any organization would depend on the ability of its staff to learn and grow as the world changed. If the United Nations wished to attract the best and brightest young people, staff development was not a luxury but a necessity.

62. As for staff who were not considered sufficiently productive, it was intended, in the new culture, that seniority-based advancement would give way to career progression based on merit, productivity, achievement and continuous professional growth. Under-performance would be addressed first through remedial action, and thereafter through appropriate sanctions.

63. She welcomed the support expressed for the Performance Appraisal System; the revised system would serve as an important accountability mechanism and as a managerial and staff development tool. It would be kept under review to ensure that it was applied consistently and improved when necessary.

64. She shared the concern expressed regarding the length of time taken to complete the national competitive examination process and the length of time some candidates remained on the roster. Those issues would be addressed as a matter of priority in the design of a more effective recruitment system to ensure that mandates were met and needed skills brought into the Organization in a timely manner. The marking process for examination was currently very lengthy, as it had to be done largely outside working hours; the marking of the written portion of all 1998 examinations would, however, be completed in December, and oral examinations were being scheduled for December 1998 and early 1999.

65. The national competitive examinations were managed by the Examinations and Tests Section, which had seven Professional and eight General Service staff members. The Section also administered the G-to-P examinations, the language examinations and the tests for General Service staff. Approximately half of its time was spent on national competitive examinations. Staff from all parts of the Secretariat served on the Board of Examiners.

66. The Office of Human Resources Management shared the concern regarding career development for staff at the P-2/P-3 level, in particular the number of resignations among that group. Over the past 10 years, of 399 candidates recruited, 56 had resigned, while 143 were currently at the P-3 level, 21 at the P-4 level, and 1 at the P-5 level.

67. Staff interviews suggested that P-2 staff members left the Organization for many reasons, including employment of spouses; dissatisfaction with compensation and greater attractiveness of outside opportunities; inability to adjust to a multicultural environment; and dissatisfaction with career development prospects.

68. Her Office was very conscious of the importance of addressing career development needs. Since 1997, all new entry-level Professional staff had participated in a week-long development programme, with scheduled follow-up six months after the end of the programme, as well as ongoing career counselling. The Secretary-General was proposing to introduce a programme of managed reassignment, initially for entry-level Professionals, to broaden their experience: all staff entering the Organization through the competitive examination process would have two assignments in the course of the first five years. Programme managers would be required to view entry level staff as an organizational resource and to provide them with the necessary training and mentoring.

69. In response to a question put by the representative of Japan regarding measures to streamline the recruitment and placement system, she said that a draft administrative instruction was being prepared whereby the classified level of a post need not be reconfirmed if no change in functions had occurred; the collateral review of candidates who had not applied for the vacancy and pre-review letters would be eliminated; and programme managers could select from alternative candidates should the selected candidate decline the post or leave within six months. Together, those changes could save up to five weeks.

70. In 1997 and 1998, the time needed for recruitment had been reduced to 260 days, although in two cases the process had taken 509 and 532 days, respectively, while the two shortest processes had lasted 88 and 135 days, respectively. On average, the programme managers' part in the process took 179 days: efforts were being made to reduce that time. Among other changes proposed by her Office was the delegation of authority for the recruitment of short-term staff for the General Assembly to the Department of General Assembly Affairs and Conference Services and the Department of Public Information. Such action would be taken once guidelines, monitoring mechanisms and appropriate training had been established.

71. With regard to the composition of the Secretariat, she drew attention to the issue of regional groupings, as presented in paragraphs 19 and 20 of the report of the Secretary-General (A/53/375). The Committee's advice would be needed as to whether changes should be made. Data errors noted by the representative of the Libyan Arab Jamahiriya had been corrected.

72. In response to the concern that a geographical balance should be maintained in the recruitment of consultants and that costs should not necessarily be a prime consideration, she pointed out that over 160 countries provided consultants. The necessary balance had to take account not only of geography and the availability of funds but also of the quality of expertise that was available. It was hoped to improve data monitoring in that regard.

73. On the question of the level of 70 per cent of permanent appointments, the Secretary-General had reported on the implementation of General Assembly resolutions and decisions in his report (A/53/342), but, given the variety of views expressed on such matters as the number of fixed-term appointments, she intended to return to the issue in the examination of career/non-career service and related issues over the following year.

74. With regard to the question of the wider definition of retirees, raised by the representative of Japan in connection with the report of the Secretary-General (A/53/526), she pointed out that the Secretary-General accepted the recommendations of the Office of Internal Oversight Services, although that Office's definition of a retiree went beyond that defined by General Assembly decision 51/408. The use of a small number of retirees, particularly in the language services, was efficient — especially at peak-load work periods — and had no adverse impact on the career development of serving staff.

75. With regard to the request by the representative of Costa Rica for an assessment of the real impact of Administrative Tribunal Judgement No. 852 on geographical distribution, she believed that the judgement blurred the distinction between internal and external candidates. The Secretariat had previously maintained a distinction between

the two: staff members who had not been recruited under the system of desirable ranges were considered to be external candidates. The judgement might mean that the way in which the system was applied would be changed in directions that the General Assembly had not anticipated. As of 30 June 1998, there were 104 experts serving under the 200 series and 68 staff members serving in missions, who were nationals of over-represented countries.

76. With regard to the question of whether women candidates were recruited at levels lower than P-5, she pointed out that, as part of the special measures to achieve gender equality, women candidates had been allowed to apply for internal vacancies after one year's service in the Secretariat, even if they had not been recruited under the system of desirable ranges. Opening all internal vacancies to external candidates, male and female, would negate that measure. The suggestion that vacancies should be open to as many candidates as possible, including external candidates, would run counter to the concept of a career civil service. Giving internal candidates priority was one means by which the Organization ensured reasonable promotion prospects for its junior staff. She noted that all vacancies at the P-5 level and above were circulated both internally and externally.

77. With regard to the G-to-P examination, she said that, of the 136 candidates from 41 countries who had passed the examination between 1990 and 1997, the five most successful nationalities had been those of the Philippines, the United States of America, India, Chile and the United Kingdom.

78. With regard to the question about vacant posts, she said that of the 8,792 posts in the regular budget, 7,803 were occupied by staff in the Secretariat and 338 by staff from other entities. The total number of 8,141 had contracts of one year or more. Detailed statistics on that and other matters were available on request.

79. With regard to the report of the Secretary-General on amendments to the Staff Rules (A/53/502 and Add.1), she reminded the Committee that under staff regulation 12.3, the full text of provisional staff rules and amendments had to be reported annually to the General Assembly and, under staff regulation 12.4, they would enter into force on 1 January following the year in which the report was made to the Assembly. If, therefore, the Committee had any questions regarding the amendments, it should review the matter before the end of December, otherwise they would automatically enter into force.

80. A joint staff/management committee had been formed earlier in the year to look into the issue of possible discrimination in recruitment and promotion within the Secretariat. The Committee's terms of reference were to look not at individual claims of discrimination but at trends in recruitment and the promotion of all races, regional groups and nationalities. It would report back to the Joint Advisory Committee and the Secretary-General.

81. **Mr. Zacklin** (Assistant Secretary-General for Legal Affairs), responding to issues raised by the representative of Ethiopia at the 26th meeting of the Committee in connection with the Secretary-General's report on privileges and immunities (A/53/501), said that the Secretary-General had expressed particular concern regarding the actions taken by the Government of Ethiopia to declare *personae non gratae* locally recruited Ethiopian staff members of the United Nations and agencies of the United Nations system who were of Eritrean origin. There were some 90 such staff in Ethiopia. On 12 June 1998 the Economic Commission for Africa (ECA) had been informed by the Ministry of Foreign Affairs that two staff members of ECA and one from the International Labour Organization were being declared *personae non gratae* and given 24 hours to leave the country, a deadline which had subsequently been extended to 48 hours. One staff member and his adult son had later been arrested but, following intervention by ECA, they had eventually been released and a decision had been taken to relocate them outside Ethiopia. On 11 and 14 July 1998, ECA had informed United Nations Headquarters that four staff members from various agencies had been deported by the Government to Eritrea and their families had been requested to sell their belongings and leave the country within a month. On 7 August 1998, the Ministry of Foreign Affairs had announced that 20 locally recruited staff members of ECA and 9 locally recruited staff members of the Office of the United Nations High Commissioner for Refugees (UNHCR) would be expelled from Ethiopia because their presence was deemed incompatible with the country's national security interests, but that the individuals concerned could appeal against that decision. Staff of the Organization of African Unity and of certain embassies located in Addis Ababa had been affected by similar measures.

82. Such actions by the Ethiopian Government raised the most serious concerns for the United Nations and other organizations. The Executive Secretary of ECA had therefore discussed the situation with the Minister for Foreign Affairs in August 1998, while at the same time the Legal Counsel, at a meeting with the Permanent Representative of Ethiopia, had underscored the importance of compliance with the relevant international legal instruments. He had pointed out that Ethiopia was not

entitled to take such action unilaterally, without giving the Secretary-General an opportunity to look into any allegations and determine whether any wrongful acts had been committed by the staff members concerned. Indeed, the Organization had received no detailed information with regard to the charges against individual staff members. Its position of principle and clarification of the applicable legal instruments had been set out in the Legal Counsel's note verbale of 14 August 1998, which explained that the doctrine of *persona non grata* had no application to United Nations staff, who were international civil servants responsible to the Secretary-General alone. In accordance with Article 105, paragraph 2, of the Charter of the United Nations, officials of the Organization, including locally recruited staff members, enjoyed such privileges and immunities as were necessary for the independent exercise of their functions. Ethiopia had acceded without any reservation to the 1946 Convention on the Privileges and Immunities of the United Nations. Under that Convention and other agreements, officials had the right to remain in Ethiopia unless they were engaged in activities incompatible with their position as international civil servants. The Legal Counsel had strongly requested the Government to reconsider its decision and had offered to consider specific complaints against individual staff members. No specific evidence of wrongdoing had been offered with regard to any of the staff members concerned, yet on 19 August 1998 the Government had declared yet another locally recruited staff member of the United Nations Development Programme *persona non grata*, and had later confirmed that all the staff members concerned had been found to be involved in activities incompatible with their official duties: acts of sabotage, espionage and conspiracy against the national interests of Ethiopia, and soliciting, organizing and raising funds in support of war efforts by Eritrea against Ethiopia. Even after a further note verbale, the Government had not provided any information to substantiate the accusations, which the United Nations therefore rejected. When interviewed by ECA in August and September 1998, most of the staff members concerned had denied the allegations, but some had indicated that they had contributed funds, with the Government's full knowledge, to charitable organizations supporting development efforts in Eritrea.

83. In his statement at the Committee's 26th meeting, the representative of Ethiopia had maintained that the measures taken by his Government had been taken after due consultation with officials of the United Nations in Addis Ababa over a period of three months. The Government had indeed, in most instances, informed the relevant agencies in Addis Ababa of its actions, but at no time had it engaged in consultation. From the beginning, the Government's actions had been the subject of explicit and vigorous protests on the part of the United Nations.

84. The total number of staff members affected by the actions of the Government of Ethiopia was 38. Of those, 25 — not 17 as indicated in the statement by the Ethiopian delegation — had been expelled. Only 12 had been reprieved after a review of their cases by the Government and, of those, two had been conditionally allowed to remain in Ethiopia.

85. On 22 October 1998, the Legal Counsel had forwarded yet another note verbale to the Permanent Mission of Ethiopia, reminding the Government that the measures it had taken were in express violation of its obligations under the Charter and other agreements and in clear contravention of the most fundamental human rights. In the latest note verbale, dated 28 October 1998, the Government of Ethiopia had, regrettably, repeated, again in general terms, its allegations against United Nations staff members and had indicated that it was not prepared, for security reasons, to provide any more specific information.

86. He hoped that the Government of Ethiopia would find the appropriate means to cooperate with the United Nations in a matter that had created both a substantial administrative and financial burden for the Organization and a personal tragedy for the staff members involved, who had been uprooted from their homes and their occupations.

87. **Mr. Taye** (Ethiopia) requested that discussions on agenda item 119 should not be concluded until his delegation had had an opportunity to consider and respond to the Assistant Secretary-General's statement.

88. **The Chairman** took note of that request.

Organization of work

89. After a procedural discussion in which **Ms. Achouri** (Tunisia), **Ms. Buergo Rodríguez** (Cuba), **Ms. Incera** (Costa Rica), **Mr. Schlesinger** (Austria) and **Mr. Atiyanto** (Indonesia) took part, **the Chairman** said that, in order to expedite work on the draft resolution on the pattern of conferences, it might well be possible to defer discussions on the question of publications until the resumed session.

The meeting rose at 1.15 p.m.

United Nations A/C.5/53/SR.39

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Summary record of the 39th meeting
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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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98-83705 (E)

The meeting was called to order at 10 a.m.

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

First performance report (A/53/7/Add.8 and A/53/693)

1. **Mr. Halbwachs** (Controller), introducing the first performance report of the Secretary-General (A/53/693), said that the report was basically a technical document designed to identify the adjustments required in the initial appropriations for the biennium. As shown in the table in paragraph 3, the factors mentioned in paragraphs 1 and 2 would result in a net reduction under expenditure of $48.2 million and a net reduction under income of $4.5 million. A full breakdown and an explanation of the figures was given in paragraphs 17–24. Other factors would be taken into account in the revised appropriations, in other words in all the revised estimates and statements of programme budget implications considered by the Committee.

2. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of ACABQ on the first performance report (A/53/7/Add.8), drew the Committee's attention to paragraph 8, which contained the Advisory Committee's views on vacancy rates and the explanation provided by the Secretary-General in paragraph 24 of his report. The Advisory Committee recalled that, in section II, paragraph 23 of resolution 52/220, the General Assembly had reaffirmed that the vacancy rate was a tool for budgetary calculations and should not be used to achieve budgetary savings. In paragraph 14, the Advisory Committee recommended approval of the revised requirements, set at $2,484,130,300 under the expenditure sections and $359,287,800 under the income sections, resulting in net revised requirements of $2,124,842,500.

3. **Mr. Ivaschenko** (Ukraine) referred to the decision by the General Assembly, in resolution 52/220, to provide an additional $500,000 for the Office of the President of the General Assembly within the programme budget for the biennium 1998–1999. He pointed out that that amount was intended to supplement and not replace the level of financial support normally provided to the Office of the President.

4. His delegation was disappointed at the Secretariat's interpretation of the relevant provisions of that resolution. Despite the fact that the supplementary funds were intended to be utilized on a basis determined in consultation with the President of the General Assembly, there had been a number of misunderstandings during the fifty-second session between the Office of the President and the Secretariat. His delegation had been surprised that, having paid the official travel costs of the President of the General Assembly at its fifty-second session, the Secretariat had refused to reimburse his return travel costs on his departure from New York at the end of his tenure.

5. He requested the Secretariat to provide his delegation with detailed written information on how the supplementary funds allocated to the Office of the President of the General Assembly under resolution 52/220 had been utilized, and suggested that the General Assembly should give clear guidance to the Secretariat concerning the utilization of those funds in the future.

Impact of the implementation of pilot projects on budgetary practices and procedures (A/52/852)

6. **Mr. Dossal** (Director of the Management Policy Office), introducing the note by the Secretary-General on the impact of the implementation of pilot projects on budgetary practices and procedures (A/52/852), said that the Secretariat had initially suggested that three pilot projects on delegation of authority should be carried out. As a result of the Committee's deliberations and following a further review, the Secretary-General had decided to introduce only one such project, in the Economic Commission for Latin America and the Caribbean (ECLAC), which would concentrate mainly on the simplification of recruitment procedures. The pilot project had, in fact, produced some reduction in the time taken to recruit staff. Progress would be reviewed at a later date, and the Secretary-General would then report back to the Committee on any further action to be taken.

7. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had noted that the exercise was not completed and that the Secretary-General would be reporting back to the Fifth Committee. It had reviewed the Secretary-General's note and concluded that the information contained therein was not sufficiently developed to enable the Advisory Committee to evaluate the results of the pilot project and report on it to the General Assembly. It would return to the subject in connection with the programme budget proposals for the biennium 2000–2001 at its spring session in 1999.

8. **Ms. Buergo Rodríguez** (Cuba) said that she was dissatisfied with the Secretary-General's report, which provided little substantive information on the subject. She noted that the other pilot projects in conference services in

Vienna had been abandoned, leaving only the ECLAC project.

9. At its latest session, ECLAC had not given its final approval to the pilot project. Furthermore, the question of delegation of authority was also being considered by the General Assembly under the item on human resources management. Both those points should have been taken into account in the evaluation of the status of the pilot project. In the light of the comments of the Chairman of the Advisory Committee, the question should remain on the Committee's agenda with a view to evaluation of the pilot project after ECLAC had taken a final decision.

10. Her delegation wished to draw attention to an undesirable practice which had arisen over the past few days because of time constraints and the poor organization of the Committee's work, namely, the submission of ACABQ reports orally. The Fifth Committee should take a formal decision that such reports should be submitted in writing.

11. **Mr. Jara** (Chile) said that his delegation would have preferred a fuller report and looked forward to the promised additional information. It was clear from resolution 52/220 that the General Assembly wanted to put part of the responsibility for the pilot project in the hands of the ECLAC countries. At the session referred to by the representative of Cuba, ECLAC had recommended, in its resolution 565 (XXVII), that the Commission should continue to apply the reform measures along the lines indicated in the note by the secretariat entitled "Reform of the ECLAC management scheme: delegation of authority and accountability", bearing fully in mind the relevant paragraphs of General Assembly resolutions 52/212 B and 52/220. The matter must clearly remain on the Committee's agenda until ECLAC had taken a final decision on the pilot project.

12. **The Chairman** suggested that the Committee might recommend that the General Assembly should take note of the note by the Secretary-General (A/52/852) and endorse the observations and recommendations of the Advisory Committee.

13. **Mr. Mokteli** (Algeria) said that, in view of the comments made by the Chairman of the Advisory Committee and the fact that ECLAC had not yet taken a final decision, the Secretary-General's note should remain under consideration. It was his delegation's formal position that it was unable to take note of the note by the Secretary-General at the current session.

14. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, in the light of the comments made by the representative of the Secretary-General and of his own comments, the Committee could recommend that the General Assembly should defer its consideration of the matter pending receipt of additional information from the Secretariat and the further comments of the Advisory Committee.

15. **Ms. Buergo Rodríguez** (Cuba) agreed that the General Assembly should defer further consideration of the matter.

16. **Mr. Armitage** (Australia) said that the Committee itself could take note of the Secretary-General's report and the comments of the Advisory Committee and decide to resume its consideration of the matter at a later date.

17. **The Chairman** said he took it that the Committee wished to defer its decision on the matter.

18. *It was so decided.*

Net budgeting, including its impact on the functioning of the entities concerned (A/53/410)

19. **Mr. Halbwachs** (Controller) said that the brevity of the Secretary-General's report on net budgeting, including its impact on the functioning of the entities concerned (A/53/410), reflected the fact that the change from gross to net budgeting had been very smooth and had had no impact on the operations of those entities previously budgeted on a gross basis.

20. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee agreed with the Secretary-General that the General Assembly should take note of the report. The Advisory Committee would examine the Organization's experience with net budgeting in the context of its review of the proposed programme budget for the biennium 2000–2001.

21. **The Chairman** suggested that the Committee should recommend that the General Assembly should take note of the report of the Secretary-General on net budgeting, including its impact on the functioning of the entities concerned (A/53/410), and endorse the observations of the Advisory Committee.

22. *It was so decided.*

Programme budget implications of draft resolution A/53/L.57 concerning agenda item 43 (A/53/723; A/C.5/53/39)

23. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the Advisory Committee's report (A/53/723) on the statement

submitted by the Secretary-General on the programme budget implications of draft resolution A/53/L.57 (A/C.5/53/39). Should the General Assembly adopt draft resolution A/53/L.57, the joint participation of the United Nations with the Organization of American States in the International Civilian Mission in Haiti (MICIVIH) would be renewed and the mandate of the United Nations component of the Mission would be extended until 31 December 1999. The Secretary-General estimated that requirements for the period from 1 January to 31 December 1999 would amount to $8,468,800 gross. That amount would be partially offset by the unencumbered balance of $1,747,600 from the appropriation granted by the General Assembly for the Mission's activities during the period from 1 January to 31 December 1998. The net additional requirements would therefore amount to approximately $5.9 million. The Advisory Committee's recommendation was contained in paragraph 7 of its report.

24. **The Chairman** suggested that, as recommended by the Advisory Committee, the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/53/L.57, an additional appropriation of $5,919,800 would be required under section 3, Peacekeeping operations and special missions, of the programme budget for the biennium 1998–1999. An additional appropriation of $849,800 would also be required under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment.

25. *It was so decided.*

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (continued)

Proposed programme budget outline for the biennium 2000–2001 (A/53/16 (Part two, chap. II), A/53/220* and A/53/718)

26. **Mr. Halbwachs** (Controller) said that the report of the Secretary-General on the proposed programme budget outline for the biennium 2000–2001 (A/53/220*) contained information on the four elements stipulated in General Assembly resolution 41/213, annex I, paragraph 1. The first element was addressed in paragraphs 2 to 9, which gave a preliminary estimate of resources to accommodate the proposed programme of activities during the biennium. As shown in the table in paragraph 2, the Secretariat had arrived at that estimate by identifying additions to and deductions from the current level of appropriations; details on those additions and deductions were provided in paragraphs 3 to 9. He drew particular attention to the deduction of the provision for special political missions and to the discussion of that deduction in paragraphs 4 and 5.

27. The second element specified in General Assembly resolution 41/213 was addressed in paragraph 10, which proposed that the priorities to be reflected in the programme budget for the biennium 2000–2001 should be the same as those reflected in the budget for the biennium 1998–1999 and in the medium-term plan for the period 1998–2001. Paragraph 11 addressed the third element by indicating that the preliminary estimate represented a decrease of $63.8 million compared with the previous budget, for a negative real growth rate of -2.5 per cent. However, because special political missions would have to be financed even though the provision made for such missions had been deducted for the purposes of the preliminary estimate, the real growth rate actually experienced by the Organization would not be negative. Paragraph 12 dealt with the size of the contingency fund, which was the fourth element to be addressed. The Secretary-General proposed that the current level of 0.75 per cent of the overall level of resources for the outline should be maintained. In general, delegations should bear in mind that the proposed programme budget outline was presented at a very high level of aggregation and that specific information on the programme budget to be proposed for the biennium 2000–2001 could not be provided at the current stage.

28. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/53/718), said that the treatment of special political missions in the proposed programme budget outline was dealt with in paragraph 4 of the report. Currently, the requirements for such missions were estimated at $112 million for the biennium 2000–2001. In the light of some of the decisions taken since the biennium 1996–1997 on expenditure for special missions, the Fifth Committee must decide how to finance those potential requirements. The Advisory Committee had already expressed the view, in document A/52/7/Add.2, that such expenditures should be included in the budget outline.

29. If the estimated requirement of $112.6 million was excluded from the outline, the preliminary estimate of overall resource requirements would be $2,439 million at 1998–1999 rates. If that amount was included in the outline, the preliminary estimate proposed by the Secretary-General should be revised upwards to $2,568.8 million, as recommended in paragraph 10 of the Advisory Committee's report. Additional requirements for special missions would continue to be handled in accordance with General Assembly resolution 41/213. Since the outline was not a proposed budget, it was not possible to add the $112.6 million to the

outline on the understanding that the amount would be partially or fully absorbed. The extent to which efficiency measures could absorb additional expenditure could only be determined in the preparation and implementation of the budget. The Advisory Committee therefore did not recommend that the outline should identify $20 million in compensating economies to absorb the estimated $20 million that would be required for conferences and other activities.

30. Although he had indicated, at the Fifth Committee's 37th meeting, that he would present the Advisory Committee's report on the proposed programme budget outline in conjunction with its comments on the Secretary-General's report on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund (A/C.5/52/42), he had been unable to do so because the Advisory Committee had decided to report separately. It was still awaiting additional information from the Secretariat regarding the latter subject.

31. **Mr. Manz** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Poland, Romania and Slovakia, and, in addition, Iceland and Liechtenstein, said that, since the adoption of General Assembly resolution 41/213, which had introduced the concept of an outline of the programme budget to indicate, *inter alia*, the preliminary estimate of resources to accommodate the proposed programme of activities during a budget biennium, the budget outline had been a pillar in the budgetary process. For that reason, the European Union attached great importance to the report of the Secretary-General (A/53/220*).

32. Reform should not necessarily mean a reduction in the budget but should result in the strengthening of the Organization's capability to meet all its challenges. The Secretary-General's determined approach to budgetary discipline in an effort to improve the efficiency and effectiveness of the United Nations in a more results-oriented manner was therefore to be welcomed.

33. Noting that the Secretary-General's preliminary estimate of resources for the biennium 2000–2001 did not contain provisions for special missions funded in the current budget and not mandated for the next budget biennium, he said that the European Union believed, as a general principle, that there should be a provision for special missions in the budget outline. The European Union therefore agreed with the recommendation of the Advisory Committee, in paragraph 7 of its earlier report (A/52/7/Add.2), as reiterated in paragraph 4 of its subsequent report (A/53/718), that the Secretary-General should make provision in the outline for expenditure for missions related to peace and security that were expected to be extended or approved during the course of the biennium. Additional requirements would have to be dealt with in accordance with General Assembly resolution 41/213, as recommended by the Advisory Committee.

34. The European Union endorsed the Secretary-General's proposal that the programme budget for the biennium 2000–2001 should reflect the priorities contained in the medium-term plan for the period 1998–2001 and the programme budget for the biennium 1998–1999. It also believed that there was a need to safeguard priority areas within the programme budget, and in particular to allocate a greater proportion of regular budget resources to such areas as peacekeeping, human rights and humanitarian affairs.

35. **Mr. Tommo Monthe** (Cameroon) said that, despite the efforts that had been made in recent years to introduce a new and generally acceptable budgetary process, the Organization continued to face a difficult financial situation and that, in view of the more or less permanent crisis, there was reason to doubt whether the situation was, indeed, due to the lack of reforms, as had frequently been claimed prior to the adoption of resolution 41/213.

36. Now that the special political missions mandated during the biennium seemed certain to continue, his delegation believed that it would be prudent to include them in the outline, and it agreed with the recommendation of the Advisory Committee on that matter.

37. Referring to the $20 million in compensating economies mentioned in the table in paragraph 2 and paragraph 7 of the Secretary-General's report (A/53/220*), he said that his delegation agreed with the statement in paragraph 7 of the ACABQ report (A/53/718) that that figure was rather arbitrary. His delegation endorsed the Advisory Committee's opinion that the amount of savings should not be defined in advance.

38. On the question of priorities, his delegation supported those identified by the Secretary-General in paragraph 10 of his report and endorsed by the Committee for Programme and Coordination (CPC) in its report on the work of its thirty-eighth session (A/53/16). In particular, his delegation wished to insist on the priority of the promotion of international peace and security, the promotion of sustainable development, the economic situation and the development of Africa, and human rights, particularly in their economic and social aspects.

39. Referring to the rate of growth, which was either negative or close to zero, his delegation wished to emphasize

the incalculable impact of negative growth on the programmes, staff and operational activities of the Organization. If that tendency were to continue, the Organization would not be in a position to meet the challenges of the twenty-first century.

40. With respect to the contingency fund, his delegation supported the 0.75 per cent rate proposed by the Secretary-General. As ACABQ pointed out in paragraph 8 of its report, the fund should be brought to the attention of governing bodies so that it could be effectively and fully utilized.

41. On the subject of the preliminary indicative estimates for the biennium 2000–2001 contained in the annex to the Secretary-General's report (A/53/220*), he said that his delegation attached particular importance to some of the activities listed. In the field of political affairs, peacekeeping missions, in particular, deserved adequate funding. In connection with economic cooperation, the regional commissions — above all, the Economic Commission for Africa — and the development of Africa, which was a priority identified by the General Assembly, deserved particular attention in the allocation of resources. Similarly, with regard to public information, priority should be given to programmes to create an awareness of the critical economic situation of Africa, and the United Nations information centres, in particular those in developing countries — above all in Africa — should no longer be regarded as the poor relations. In the field of administration and management, greater attention should be given to the problems of training, and also to those of the maintenance of premises where any neglect might entail higher expenditure in the future. Finally, the promotion and maintenance of peace and disarmament, particularly in Africa, deserved adequate budgetary and extrabudgetary resources.

Guidelines for internal control standards (continued) (A/52/867; A/53/508)

42. **The Chairman** suggested that the Committee should recommend that the General Assembly should take note of the report of the Secretary-General on guidelines for internal control standards (A/52/867) and should endorse the observations and recommendations of the Advisory Committee thereon, contained in document A/53/508.

43. **Mr. Repasch** (United States of America) said that his delegation had some additional questions on the matter under consideration, some of which had been raised in a formal meeting of the Fifth Committee in connection with the reports of the Board of Auditors. Since some of those queries were still outstanding, he would prefer to postpone a decision on the matter.

44. **The Chairman** said that the Committee would revert to the subject at a later stage.

Other matters

45. **The Chairman** said that he wished to extend a sincere apology, on behalf of the Bureau and on his own behalf, to the Chilean delegation for having inadvertently failed to apprise it of the Bureau's intentions with respect to the coordination of informal consultations on results-based budgeting. In that connection, he informed the Committee that he would coordinate the consultations on that item the following week.

46. **Ms. Buergo Rodríguez** (Cuba) said that her delegation was very concerned about the Advisory Committee's presentation of some of its reports orally instead of in document form. The Advisory Committee surely could have prepared a one-page report on topics such as pilot projects and net budgeting. She hoped that the Fifth Committee could take a decision in the coming days to the effect that all the Advisory Committee's reports should be presented in the form of documents.

47. **The Chairman** said that, since the Chairman of the Advisory Committee was no longer in the conference room, he should be requested to express his views on the subject at the Committee's next formal meeting.

48. **Ms. Buergo Rodríguez** (Cuba), supported by **Ms. Incera** (Costa Rica), said that, since the Advisory Committee reported to the General Assembly, it was for the latter to decide how those reports should be submitted.

49. **Mr. Darwish** (Egypt) said that, in informal consultations on the work of the Fifth Committee, the Chairman of the Advisory Committee had announced that he would present oral reports on certain matters which were not controversial. The Chairman of the Fifth Committee should convey to the Chairman of the Advisory Committee the wishes of the Cuban, Costa Rican and Egyptian delegations concerning the presentation of reports.

50. **Mr. Atiyanto** (Indonesia) said that, in the interest of fairness, the Committee should hear the views of the Chairman of the Advisory Committee. It could then take a well-considered decision on the subject.

51. **The Chairman** said that, as a matter of courtesy, the Committee should invite the Chairman of the Advisory Committee to respond to the concerns that had been expressed. The Committee would then be free to take any decision it wished on the subject.

The meeting rose at 11.40 a.m.

United Nations A/C.5/53/SR.40

General Assembly
Fifty-third session

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Fifth Committee

Summary record of the 40th meeting
Held at Headquarters, New York, on Monday, 7 December 1998, at 10 a.m.

Chairman: Mr. Armitage (Vice-Chairman) ..... (Australia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Utilization of the development dividend (*continued*)

Agenda item 119: Human resources management (*continued*)

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98-83714 (E)

In the absence of Mr. Abelian (Armenia), Mr. Armitage (Australia), Vice-Chairman, took the Chair.

The meeting was called to order at 10 a.m.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Proposed programme budget outline for the biennium 2000–2001 (continued) (A/53/16 (part two, chap. II), A/53/220 and A/53/718 and Corr.1)

1. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, emphasized that the resources provided in the proposed programme budget outline for the biennium 2000–2001 should be commensurate with legislative mandates. The budget estimates for the biennium 2000–2001 should enable the Secretariat to implement fully all mandated programmes and activities. In formulating the proposed programme budget for the biennium 2000–2001, the Secretariat must fully respect the priorities established by the General Assembly in the medium-term plan.

2. With regard to the proposals in the proposed programme budget outline to increase or decrease resources in different sections of the programme budget, the Group of 77 and China requested detailed justification in writing for the proposed increases or decreases and a list of all the legislative mandates for which increases or decreases had been proposed. They were particularly interested in the increase in part IX (Internal oversight) of the preliminary indicative estimates for the biennium 2000–2001, which accounted for approximately 5 per cent of the proposed appropriations for the biennium 2000–2001 but was not a priority in the medium-term plan for the period 1998–2001 provided for in General Assembly resolution 51/219.

3. On the subject of appropriations for special political missions, the Group of 77 and China noted that the options proposed by the Secretary-General were not in accordance with the provisions of annex 1, paragraph 11, of General Assembly resolution 41/213. It therefore supported the recommendations made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in paragraphs 9 and 10 of its report (A/53/718 and Corr.1).

4. The Group of 77 and China were of the view that, as a part of the regular budget, the Development Account should be treated in accordance with the existing rules and regulations and resolutions of the General Assembly. The proposals for the utilization of the amount of $13 million should therefore be included in the budget fascicles for consideration by the Committee for Programme and Coordination (CPC), ACABQ and the Fifth Committee, in accordance with established procedures.

5. The Group of 77 and China noted with concern the observation of ACABQ concerning the exclusion from the budget outline of $20 million related to compensating economies, and shared the Advisory Committee's conclusion that that figure had been arrived at in a fairly arbitrary manner and that the place to reflect the results of efforts to achieve a more efficient utilization of resources should be in the proposed programme budget and/or the performance reports. They also endorsed the Advisory Committee's recommendation on the level of estimated resources for the programme budget for the biennium 2000–2001. A number of departments had expressed the view that further economy measures would affect the efficient and effective implementation of their respective programmes of work. Their views should be taken into account to ensure that all sections of the budget were provided with adequate resources for their smooth and efficient functioning.

6. The proposal concerning results-based budgeting would lead to a radical departure from current programme planning and budgetary practices which had been repeatedly reaffirmed by the General Assembly. The Advisory Committee and the Fifth Committee should therefore undertake an in-depth review of the more detailed report which the Secretary-General had been requested to submit on that proposal and no action should be taken by the Secretariat to implement results-based budgeting until the General Assembly had decided on the appropriate course of action. The issue of net budgeting also merited further examination.

7. The provisions of General Assembly resolution 41/213 which, *inter alia*, established the procedure for meeting additional expenditure after approval of the budget, should be fully respected and implemented. The contingency fund should therefore be utilized in accordance with the provisions of that resolution and conditionalities in the decision-making process designed to circumvent budgetary implications should be avoided.

8. **Ms. Castellanos González** (Guatemala), speaking also on behalf of Costa Rica, the Dominican Republic, El Salvador, Honduras and Nicaragua, endorsed the statement just made by the representative of Indonesia on behalf of the Group of 77 and China, but wished to make a number of additional observations.

9. The programme budget was the principal instrument for establishing the priorities of the Organization and a barometer for measuring the effectiveness and efficiency of its functioning. Since the demand for resources for

programmes inevitably exceeded the capacity of Member States to contribute to the work of the Organization, it was essential that the scarce resources available should be used as efficiently as possible.

10. In that connection, she welcomed the report of the Secretary-General on the proposed programme budget outline for the biennium 2000–2001 (A/53/220), which must be seen in the context of the ongoing programme of reform of the United Nations. In order to succeed, reform required financial stability so that changes could be introduced in an orderly manner and fulfil their objective of adapting the Organization to more modern management methods and structures.

11. The proposed programme budget outline was merely a starting point for negotiations on the programme budget for the biennium 2000–2001. The Central American countries and the Dominican Republic, for example, would like to see additional resources allocated for development programmes. They therefore viewed with concern the proposal in the annex to document A/53/220 that there should be a substantial increase in funding for a part of the budget which Member States had not considered a priority at the time of the adoption of General Assembly resolution 51/219. They were also concerned at the apparent suggestion in paragraphs 6 and 7 of the Secretary-General's report that compensating economies in the order of $20 million would be earmarked to offset new resource needs for the biennium 2000–2001. That suggestion was not in keeping with the spirit of General Assembly resolution 41/213.

12. Adapting the programme budget to established priorities should nevertheless provide for a rapid response capacity in order to ensure that the Organization was present wherever it was most needed. The current financial crisis affecting the economies of the developing countries and the devastating effects of hurricane Mitch in Central America and hurricane Georges in the Dominican Republic, for example, which could not have been foreseen in 1996 when the previous programme budget outline had been adopted, were examples of the need for such a response capacity. From the perspective of Central America and the Caribbean, those two developments alone called for a redirection of resources to the areas of greatest need.

13. The States on whose behalf she spoke would prefer to see the continued implementation of the provisions of General Assembly resolution 41/213, not only because of the establishment of priorities and the determination of resource changes over previous bienniums, but also because decisions were to be adopted without a vote.

14. The question of the funding of special political missions was a delicate one. Such funding was not included in regular budget proposals and later requests for authorization inevitably created difficulties. She hoped that a lasting solution could be found to provide funding for such activities with effect from the following biennium.

15. Lastly, the consideration and adoption of the proposed programme budget for the biennium 2000–2001 was based on the assumption that all Member States would pay their assessed contributions in full and on time. It was unacceptable that some of the major contributors to the Organization should be substantially in arrears in the payment of their contributions.

16. **Mr. Watanabe** (Japan) said that, like many other Member States that were experiencing fiscal and budgetary difficulties, Japan was still making its financial contributions to support the activities of the United Nations. The Organization should therefore continue to streamline its budgetary and administrative procedures in order to improve efficiency without adversely affecting the full implementation of all mandated programmes and activities.

17. His delegation shared the views of ACABQ that the provisions for special political missions should be included in the proposed programme budget outline, since the purpose of the outline was to enable all Member States to understand in advance the level of financial contributions which they would be expected to make to the Organization.

18. His delegation supported the Secretary-General's proposal that resources for new activities and events foreseen and mandated in the biennium 2000–2001 should be secured by means of compensating economies. The $20 million in compensating economies should therefore be presented to Member States in the context of the programme budget proposals for the biennium 2000–2001.

19. Lastly, the Government of Japan, which would be contributing more than 20 per cent to the financing of the Organization, would wish to see zero nominal growth in the proposed programme budget outline for the biennium 2000–2001.

20. **Mr. Cho Chang-beom** (Republic of Korea) said that the proposed programme budget outline for the biennium 2000–2001, which provided for nearly zero growth over the previous biennium, reflected the spirit of the current reform of the Organization, which was to produce more with less resources. It should be emphasized, however, that the ultimate goal of United Nations reform was not to achieve savings for their own sake but to strengthen the role and

functions of the Organization by increasing its productivity and efficiency.

21. His delegation noted with concern that the proposed programme budget outline for the biennium 2000–2001 excluded requirements for special political missions and it shared the Secretary-General's view that the current arrangements for securing resources for such missions through additional appropriations midway through the biennium were not satisfactory and undermined the very purpose of the programme budget outline. Resources for special missions should therefore be provided in advance and included in the proposed programme budget outline.

22. With regard to the projected $20 million in compensating economies, his delegation could not find adequate justification in the report for such economies or any indication of their possible impact on existing mandates. It therefore agreed with ACABQ that the compensating economies should more properly be reflected in the proposed programme budget and/or the performance reports.

23. Lastly, his delegation noted with satisfaction that the proposed programme budget outline for the biennium 2000–2001 continued to reflect the priorities set out in the medium-term plan for the period 1998–2001. It agreed with the Secretary-General's proposal that the size of the contingency fund should be maintained at the same level as in the previous biennium, in other words at 0.75 per cent of the proposed outline.

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

Utilization of the development dividend (continued) (A/53/7/Add.4, A/53/374 and 664; A/C.5/53/30 and 40)

24. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, noted that ACABQ had not analysed the project costs annexed to its report on the utilization of the development dividend (A/53/7/Add.4). A considerable amount was proposed for consultants and contractual services and the proposed consultancy fees of approximately 25 per cent of the available amount needed justification. Too much emphasis had been placed on studies for several of the projects: the United Nations had already produced studies that could be used for implementing Development Account projects. The position of the Group of 77 and China on the question was set out in the letter dated 11 November from the Permanent Representative of Indonesia to the United Nations addressed to the Chairman of the Second Committee (A/53/664), but they wished to highlight some points.

25. Resources appropriated under section 34 should be used to fund new projects only for developing countries in accordance with the development priorities set in the medium-term plan. The following criteria should be applied: (a) projects should have a multiplier effect and promote capacity-building for developing countries only, responding to their needs and priorities; (b) they should promote regional and interregional economic and technical cooperation between developing countries; (c) they should complement and not replace existing programme activities; (d) they should relate to new activities not already mandated under the programme budget; (e) they should not involve the transfer of resources from the regular budget to extrabudgetary activities; and (f) they should have a strong South-South cooperation content.

26. Some of the Secretary-General's project proposals described in his report (A/53/374) did not conform to those criteria. He should be asked to review and, as appropriate, reformulate the proposals to bring them into line with those criteria and report back to the General Assembly by March 1999. However, the Group of 77 and China was ready to consider the activities described in project proposals A, B, D and E. The implementation of approved projects and the performance evaluation of activities financed through the Development Account should be monitored strictly in accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. Since the Development Account was part of the regular programme budget, no new procedure should be contemplated for its operation.

27. **Mr. Dobe-Mbalanga** (Democratic Republic of the Congo) said that his delegation endorsed the statement just made on behalf of the Group of 77 and China. It attached great importance to the Development Account since it represented the first attempt to take up the big challenge of underdevelopment, to which no adequate response had yet been found. In fact, all the efforts to break the vicious circle of underdevelopment in the affected regions had failed for want of financial resources. Factors such as the internal contradictions of those regions were involved, but the main causes of their underdevelopment lay in their history and in an international economic and trade machinery which did not favour their economic growth.

28. Accordingly, only the developing countries should benefit from the resources made available for development projects under the Development Account, in accordance with the priorities set in the medium-term plan. Such an approach would not impair the Organization's universality but would instead enhance its credibility by making underdevelopment

a truly world undertaking free from any profit motive and designed to correct the inequalities in the international system. His delegation supported the criterion of networking for development used in the establishment of the projects. Information technology had become an essential aspect of international life, but many developing countries still did not have access to the international information networks. It agreed with the Advisory Committee in welcoming the Secretary-General's efforts to include performance indicators in every project. It noted that the proposed projects did not involve staff costs and that project maintenance costs still had to be included.

Agenda item 119: Human resources management (*continued*) (A/53/501; A/C.5/52/2)

29. **Mr. Abreha** (Ethiopia) said that he wished to throw some light on the statement made at the 38th meeting by the Assistant Secretary-General for Legal Affairs concerning some Eritrean staff members of the United Nations common system in Addis Ababa who had been declared undesirable aliens by the Government of Ethiopia. His delegation had hoped that its statement on the points raised in paragraph 68 of the Secretary-General's report on privileges and immunities (A/53/501) and the consultations between the Government of Ethiopia, the heads of the United Nations agencies involved and the Legal Counsel would have helped to clarify the circumstances under which certain locally recruited Eritrean staff members had been requested to leave Ethiopia. It had hoped that the Legal Counsel, in particular, would be able to appreciate the seriousness of the matter, especially in view of the Government's requirement that immediate action should be taken to avert the danger to the country's security.

30. To his delegation's astonishment, the Legal Counsel had in effect indicted the Ethiopian Government on counts ranging from human rights violations to violation of its international obligations. He had not approached the matter with the necessary caution, sensitivity and professionalism. Further, the statement by the Assistant Secretary-General had lacked the neutrality and professionalism expected of the United Nations with respect to national security issues arising out of a conflict between two Member States. The problem was not merely a misunderstanding between the United Nations and the Government in the course of normal operations in Ethiopia; it was an issue of national security resulting from the unprovoked aggression of the Eritrean regime against Ethiopia and the illegal activities of some Eritrean staff members of the common system, who were active members of the clandestine network established to destabilize Ethiopia and advance the Eritrean aggression. They had been given a central role in the "internal war" which the Eritrean leadership threatened against Ethiopia.

31. His Government had clear intelligence information on how the Eritrean regime used Eritrean staff members in Addis Ababa to destabilize Ethiopia. Those staff members had in fact spied against the country's security, defence and economic interests. Such activities were incompatible with the status of an international civil servant. The Charter of the United Nations and the relevant headquarters agreements required staff members to refrain from any action which might reflect badly on that status. Privileges and immunities were accorded for the independent exercise of the functions of the Organization's staff. The assertion by the Legal Counsel that the measures taken by the Government of Ethiopia were in violation of its obligations was unwarranted and baseless. Moreover, the staff members in question had violated the Staff Rules and Staff Regulations, the Code of Conduct for United Nations Staff, and the 1954 Standard of Conduct in the International Civil Service. The privileges and immunities could not be accorded to the locally recruited Eritrean staff members, and the United Nations should cooperate in the measures taken by the Government, as it had done in similar cases involving other Member States.

32. The Legal Counsel must re-examine the issue in the light of Ethiopia's national security needs and the explanations given by his delegation at the current meeting and on previous occasions. That would save the Legal Counsel from taking a political stand in a conflict between two Member States. His delegation had tried to clarify the Government's decision. It had never questioned the Secretary-General's report or requested any further response from the Legal Counsel. It was therefore surprising that the Legal Counsel had issued its nine-page accusation. He wondered what the motive and the expected result of such an approach could be, and since when the Legal Counsel had represented the Organization of African Unity and embassies in Addis Ababa in making unwarranted accusations. As the host country to the Economic Commission for Africa and other organizations of the United Nations system, Ethiopia respected those institutions and their staff and valued its relations with them. It would continue to do so under all circumstances.

33. **Mr. Ubalijoro** (Rwanda) said that, for the fourth successive year, his delegation was dismayed that the Secretary-General's report had been issued in the same format, containing a consolidated list of staff members who were under arrest or detention or were missing. The report presented a distorted picture: it failed to point out that the list of Rwandans under arrest included many persons suspected of involvement in the 1994 genocide and of killing

their locally recruited United Nations colleagues. When the genocide had begun in 1994, the United Nations Assistance Mission in Rwanda (UNAMIR) had evacuated all the expatriate United Nations staff, leaving the locally recruited staff behind at the mercy of the genocidal militias and some of their United Nations colleagues. His delegation again requested the Secretariat to explain the criteria used for the recruitment of United Nations staff in Rwanda before 1994. He wondered whether a genocidal mindset was a qualification. The application of double standards did not enhance the Organization's mission statement.

The meeting rose at 11.05 a.m.

United Nations A/C.5/53/SR.41

General Assembly
Fifty-third session

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Fifth Committee

Summary record of the 41st meeting
Held at Headquarters, New York, on Tuesday, 8 December 1998, at 10 a.m.

Chairman: Mr. Abelian ..... (Armenia)
later: Mr. Ahounou (Vice-Chairman) ..... (Côte d'Ivoire)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 121: United Nations pension system (*continued*)

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Integrated Management Information System project (continued)

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

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98-83720 (E)

The meeting was called to order at 10 a.m.

Agenda item 121: United Nations pension system (*continued*) (A/C.5/53/3 and A/C.5/53/L.15)

Draft resolution A/C.5/53/L.15

1. **Mr. Ahounou** (Côte d'Ivoire), introducing draft resolution A/C.5/53/L.15, said that it reflected careful consideration of the recommendations in the reports of the United Nations Joint Staff Pension Board (A/53/9 and Add.1) and of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/53/511 and A/53/696).

2. **The Chairman** drew attention to the revised cost-sharing arrangements between the United Nations and the Fund proposed in the report of the United Nations Joint Staff Pension Board (A/53/9, paras. 154–166) and approved in the draft resolution (sect. V, para. 2), which would result in the reductions set out in document A/C.5/53/3 (para. 15) regarding the administrative and financial implications arising from the report of the Board.

3. *Draft resolution A/C.5/53/L.15 was adopted.*

4. **Mr. Orr** (Canada), referring to section VII, paragraph 4, of the draft resolution, said that, in principle, Canada was opposed to allowing staff members to draw a pension and a salary simultaneously from the same employer. Its own Federal legislation prohibited the practice, which also violated an understanding negotiated in the World Trade Organization. In the interests of transparency and equity throughout the system, his Government expected the Board to address the matter and eliminate the practice in future.

5. **The Chairman** suggested that the Committee should decide to recommend to the General Assembly that, should it approve draft resolution A/C.5/53/L.15, the programme budget for the biennium 1998–1999, as indicated in paragraph 15 of the report of the Secretary-General (A/C.5/53/3), would be reduced by $625,400.

6. *It was so decided.*

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

First performance report (continued)
(A/53/7/Add.8 and A/53/693)

7. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, expressed concern at the high vacancy rate which had been maintained in 1998 and recalled the General Assembly's position that a high vacancy rate hampered the delivery of mandated programmes and activities while making the budget process less transparent and the management of staff resources more difficult. The vacancy rate should not be used to achieve budgetary savings. The Group therefore requested the Secretariat to provide, in writing, detailed justification for the maintenance of the high vacancy rate and a detailed breakdown of the vacancies maintained in all budget sections in 1998. It also wished to be apprised of the impact of the high level of vacancies on the implementation of mandated programmes and activities in 1998.

8. The Group was of the view that the $25.9 million in reduced requirements generated by the high vacancy rate should not be used to reduce the level of the budget. Moreover, the additional requirements estimated at approximately $47 million, which had not been factored into the performance report, should be additional to the level of resources contained in the first performance report and should be dealt with separately by the General Assembly in accordance with the provisions of resolution 41/213.

9. The Group of 77 and China would also welcome detailed information in writing on the allocation of resources to various offices under section 1B.4 of the report of the Secretary-General on United Nations reform (A/52/303), together with information on any guidelines that might exist for the utilization of resources in that section. In particular, the Group wished to be informed about the level of support to be provided to the President of the General Assembly. Resources provided for the Office of the President of the General Assembly should be utilized in consultation with the President, who should be authorized to utilize the amount within the level of resources approved by the General Assembly.

10. **Mr. Watanabe** (Japan) expressed regret at the high vacancy rate in 1998 and was not satisfied with the explanation provided in paragraph 24 of the report of the Secretary-General (A/53/693), since what was needed was a tangible result, not excuses.

11. With regard to the action to be taken by the General Assembly on the additional requirements of approximately $47 million, his delegation was of the view that those requirements should be taken into account during the consideration of the revised estimates.

12. **Ms. Shearouse** (United States of America) said that the first performance report indicated that the Secretary-General had been able to implement all priority programmes and activities well within the current level of appropriations of $2,532.3 million. Her delegation noted, however, that the revised estimates did not include all potential increases and that the combined effect of the add-on funds not included in

the performance report could bring the revised 1998–1999 budget much closer to the total which had been approved. Her delegation believed that all mandated activities could and should be carried out within the budget level of $2,532.3 million which had been approved in December 1997. It had no flexibility on that issue.

13. Lastly, her delegation was of the view that the cost of the special session of the Committee on Contributions should be met from an equivalent reduction in the length of the Committee's regular session. It therefore saw no need for any add-on funding.

14. **Mr. Park Hae-yun** (Republic of Korea) said that his delegation approved of the methodology used in the recosting of the impact of exchange rate fluctuations, which was consistent with the recommendations of the General Assembly and of the Advisory Committee. It expected the adjustments resulting from actual experience in 1999 to be reflected in the second performance report.

15. It was a matter of concern to his delegation that the vacancy rate in 1998 had exceeded 10 per cent for the Professional category and above. The explanations provided in the report of the Secretary-General were not convincing, in the light of the persistently high vacancy rates maintained over the years. His delegation wished to reiterate its view that the vacancy rate should not be used to achieve budgetary savings. However, it endorsed the revised requirements set out in the first performance report.

16. **Mr. Kuznetsov** (Russian Federation) said that his delegation supported the conclusions and observations in the report of the Advisory Committee (A/53/7/Add.8). It believed that the vacancy rate should not be used to achieve budgetary savings, but that it could be a tool for budgetary calculations. The additional information provided by the Secretariat, referred to in paragraph 8 of the Advisory Committee's report, led his delegation to hope that the Secretariat also followed that approach and that in 1999 the situation with regard to the vacancy rate would gradually normalize.

17. It was significant that the performance report did not include a number of additional requirements, mainly relating to political missions, for a total of approximately $47 million. According to budgetary procedures, the additional requirements should be considered separately by the Committee, and only then should the level of appropriations be corrected on the basis of the decisions taken. His delegation believed that the additional requirements should be considered on a priority basis by the Committee, and that the resource base for 1998–1999 should then be corrected.

18. **Mr. Dausa Céspedes** (Cuba) said that the revised requirements under the expenditure sections of the programme budget were estimated at approximately $2.5 billion in the first performance report (A/53/693, para. 5); that represented a reduction of $48.2 million in the original appropriation. It was understandable that inflation and exchange rate fluctuations would require a downward adjustment, but it was a matter of great concern that $25.9 million of the reductions resulted from high vacancy rates and that those rates were deliberately maintained at a higher than mandated level in order to achieve savings. There was no way yet of knowing the impact which that administrative decision would have on programme execution. His delegation asked the Secretariat to prepare a written assessment of the impact of vacancies on the decreased figures given for salaries and common staff costs in annex II to the first performance report, and to include such detailed assessments in future performance reports.

19. His delegation believed that the $25.9 million savings that had been generated should be transferred to the Development Account, and that any additional requirements arising out of future General Assembly decisions, which had not been factored into the performance report, should be funded in accordance with the procedure established in resolution 41/213, thus raising the total requirements. Moreover, it should be recalled that the estimated requirements arising out of the decisions of the Economic and Social Council had still not been approved.

20. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, said that the European Union reiterated its view that while the vacancy rate could be a tool for budgetary calculations, it should not be used to achieve budgetary savings. That position had been confirmed in General Assembly resolution 52/220. Paragraph 24 of the report of the Secretary-General (A/53/693) made it clear that, since there had been no arbitrary restrictions on recruitment, the vacancy rate was a consequence, not a cause. There was, however, a continuing need to improve the speed of recruitment to avoid such high vacancy rates in the future. The European Union had worked towards achieving that goal under agenda item 122, on human resources management.

21. **Mr. Halbwachs** (Controller) said that the vacancy rate was not used as a tool to achieve savings and that the Secretariat had not deliberately maintained a high vacancy rate in the biennium 1998–1999. As of 1 January 1998, he had authorized all the posts which the General Assembly had approved for 1998–1999, and there had been no restrictions whatsoever on recruitment. It was unfortunate that there was a 10 per cent vacancy rate; the answer probably lay in the streamlining and simplification of procedures.

Integrated Management Information System project (continued) (A/53/7/Add.7, A/53/573 and A/53/662)

22. **The Chairman** recalled that at the Committee's 37th meeting, the Under-Secretary-General for Management and the Chairman of the Advisory Committee had introduced the tenth progress report of the Secretary-General on the Integrated Management Information System project (A/53/573) and the report of the Advisory Committee (A/53/7/Add.7) respectively. The Committee had decided to postpone consideration of the report, however, pending the issuance in all languages of the note by the Secretary-General transmitting a forward-looking study of the Integrated Management Information System conducted by independent experts (A/53/662). That document had now been issued, and was before the Committee for its consideration.

23. He recalled that, in paragraph 11 of resolution 52/227, the General Assembly had requested the Secretary-General to entrust the Office of Internal Oversight Services with conducting a comprehensive analysis of the reasons for the increase in costs and to submit a report thereon to the General Assembly no later than the end of the main part of its fifty-third session. The estimated date of submission of that report, as indicated in document A/C.5/53/L.1/Rev.1, was January 1999, and that date had not changed. He suggested that the Committee should pursue the matter in informal consultations to decide what should be done.

24. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, Estonia, Hungary, Lithuania, Poland, Romania, Slovakia and Slovenia and, in addition, Iceland and Norway, said that, in view of the importance of the efficient and effective implementation of the Integrated Management Information System (IMIS), he endorsed the views and recommendations of the Advisory Committee (A/53/7/Add.7) on the relevant reports (A/53/573 and A/53/662). He was particularly pleased that the independent experts' forward-looking study on IMIS (A/53/662) had been completed within a short time-frame, and welcomed the experts' conclusion that IMIS was a well-designed and robust computer application. The system's successful integration with commercially available software had reduced development time and costs, and the level of investment was reasonable for the outputs produced.

25. He was pleased that the main recommendations contained in the report of the Board of Auditors (A/52/755) had been implemented and that a timetable had been established for the implementation of the remaining recommendations. He attached particular importance to the steps taken to ensure that the system was year 2000 compliant. He concurred with the conclusions and recommendations of the independent experts. In particular, he agreed that the system's users in the Organization must be involved in the definition of requirements and the implementation of the system according to their needs. The next progress report should provide details on the measures taken to promote that process.

26. An internally compatible management information system for all United Nations entities would be more cost-effective for Member States. In that regard, the inter-agency governance framework recommended by the experts would be the key to identifying the eventual ownership of IMIS and would be an appropriate forum for the development of field-oriented applications. He commended the IMIS team for having successfully developed the system despite the limited resources available, and endorsed the Secretary-General's request for additional resources to implement the system at offices away from Headquarters.

27. **Mr. Odaga-Jalomayo** (Uganda) said that General Assembly resolution 52/227 made it clear that the independent experts were to submit their report to the General Assembly. He asked when the report had been introduced to the Committee, and why the Secretariat had already started implementing the recommendations of the independent experts.

28. **The Chairman** said that, at the 37th meeting, the Under-Secretary-General for Management had made a statement in which he had introduced the report of the independent experts.

29. **Mr. Niwa** (Assistant Secretary-General for Central Support Services) said that the independent experts worked very closely with the Secretariat in an ongoing process and the Secretariat had to act on a timely basis; it had therefore been implementing recommendations that were to be included in the report of the independent experts to be submitted to the General Assembly. Reference had been made to the importance of ownership and of making the Integrated Management Information System the nucleus for the communication service vehicle of the future. The recommendations required urgent attention, and the Secretariat had therefore responded informally to them.

30. **Mr. Odaga-Jalomayo** (Uganda) said that it was very important for the smooth and effective functioning of the Committee that proper procedures should be followed. The Under-Secretary-General for Management had referred to the study by the independent experts as if it already existed; yet until such time as the study was formally introduced to the General Assembly, it could not be used as a reference document for discussion.

31. **Ms. Buergo Rodriguez** (Cuba) said that her delegation was deeply concerned that recommendations made in a report requested by the General Assembly which had not been officially introduced were being informally applied by the Secretariat, without the approval of the General Assembly. There was an urgent need for the Committee to consider such situations within the context of its working procedures.

32. **The Chairman** asked whether the Committee would like the Under-Secretary-General for Management to make a formal introduction of the report.

33. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation's objective was to correct an anomaly; the Committee was pressed for time. However, the study by the independent experts could only be introduced by its authors, not by the Secretary-General.

34. **The Chairman** said that, in paragraph 12 of General Assembly resolution 52/227, the Secretary-General was requested to have independent experts conduct a study and to submit a report thereon to the General Assembly, together with his comments.

35. **Mr. Sial** (Pakistan) said that in paragraph 13 of General Assembly resolution 52/227, the Secretary-General was requested, when preparing his tenth progress report on the Integrated Management Information System project, to take into account the main observations of the report on the forward-looking study by independent experts; he requested clarification as to how that was being done.

36. **The Chairman** suggested that consideration of the item should be deferred until a later meeting; the Committee would revert to it after receiving further clarification from the Secretariat.

37. *It was so decided.*

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Proposed programme budget outline for the biennium 2000–2001 (continued) (A/53/16 (Part two, chap. II), A/53/220* and A/53/718 and Corr.1)

38. **Mr. Dausa Céspedes** (Cuba) observed that politically motivated budgetary decisions, even when adopted by consensus, were serious departures from the procedures established under resolution 41/213. The arbitrary budget cuts adopted in resolution 50/214, the manner in which the peacekeeping missions in Haiti and Guatemala had been funded and the restrictions imposed on the use of the contingency fund were cases in point.

39. Under the current agenda item, a thoroughgoing analysis should be made of the impact and observance of the budgetary process mandated by resolution 41/213 so that the General Assembly could take corrective steps or, if need be, decide to abandon the established procedures as a way of breaking out of a vicious circle that was affecting both programme execution and the Organization's credibility.

40. The proposed programme budget outline for the biennium 2000–2001 (A/53/220*) did not comply with proper procedures. It proposed that estimated resources should be reduced by $20 million related to compensating economies, a figure that corresponded, oddly enough, to the estimated provision for new activities/events foreseen and/or mandated. The proposed reduction should instead be used to counteract budgetary growth. The new activities were expected to be absorbed; that violated the principle that resources must be appropriated for all mandated activities. In essence, it required the application of the zero-growth principle, which had never been endorsed by the General Assembly nor by all Member States. The resolution to be adopted on the item must clearly spell out the position of Member States on the question of budgetary growth. He asked the Secretariat to explain the basis for the estimated compensating economies and to provide information on the efficiency measures to be achieved. He also asked for an explanation of the relationship between those economies and the expected savings to be transferred to the Development Account. He agreed with the Advisory Committee's recommendation that the $20 million in question should be included in the preliminary estimate of resources.

41. A second problem that had to be addressed was the fact that the proposed growth in all expenditure sections (A/53/220*, annex) did not conform to the priorities mandated in resolution 51/219.

42. The Advisory Committee had taken the purely political position that special political missions should be included in the preliminary estimates (A/53/718, paras. 9 and 10) in reaction to the financial difficulties caused by the main contributor. Those Member States which, like Cuba, still believed in the spirit of resolution 41/213 faced a difficult choice between budgetary absorption policies that required a zero-growth approach, which they opposed, and the inclusion of given amounts in the preliminary estimates in violation of resolution 41/213. If there was a consensus in favour of including the $112 million for special political missions in the preliminary estimates, his delegation would not oppose it, provided that the resolution the Committee adopted specifically requested the Secretary-General to make a comprehensive assessment of the implementation of

resolution 41/213 in a report to be submitted during the current session.

43. Greater transparency and full participation by programme managers in the formulation of the proposed programme budget outline was imperative if the level of resources proposed was to reflect the real needs of the Organization. He would therefore like information on the extent to which programme managers had participated in the exercise.

44. **Mr. Gjesdal** (Norway) reaffirmed Norway's support for the concept and practice of programme budgeting in the United Nations. The setting of prior budget ceilings and the absorption of all additional requirements through compensating economies had no part in that practice. The programme budget outline was a planning tool, not a numerical straitjacket.

45. His delegation found the proposed programme budget outline for the biennium 2000–2001 to be less than satisfactory in several respects: the outline implied negative real growth and even negative nominal growth; it left unresolved the issue of the funding of special political missions; it relied on unspecified savings in order to fund existing mandates for the convening of major conferences and special sessions during the biennium 2000–2001; and the preliminary indicative estimates revealed no effort to make up for the persistent underfunding of core peacekeeping, human rights and humanitarian activities.

46. The goal of reform was not to achieve reductions in the budget but to improve the Organization's responsiveness and augment its programme output. The way in which the budget outline had been presented suggested, however, that tight budgetary policies had become a goal in themselves. Undercutting the funding of special missions, for example, merely created the impression that nominal savings had been achieved.

47. Preventive diplomacy and peacemaking were highly cost-effective activities for the maintenance of international peace and security. His delegation therefore regretted that no action had been taken on the Secretary-General's proposal that projected requirements for special political missions should be included in the budget outline. The funding of such activities should no longer be dependent on the vagaries of exchange rates nor should the Organization continue to rely on resources made available by an unhealthy level of vacancies in the Secretariat. In other words, a provision of $110 million at revised 1998–1999 rates, as proposed by ACABQ, should be included in the outline for special political missions. Additional requirements would have to be dealt with in accordance with the provisions of General Assembly resolution 41/213.

48. His delegation was surprised at the suggestion contained in the budget outline that funding for United Nations conferences and special sessions mandated by the General Assembly should be obtained from compensating economies. Norway attached great importance to such conferences and special sessions and believed that their funding should be secured in the budget outline without recourse to projected economies.

49. His delegation had long held the view that, to the largest extent possible, resource needs at Headquarters for peacekeeping activities should be funded from the regular budget. The level of resources contemplated in the current outline, however, implied that considerable numbers of staff performing core functions would continue to be funded from the support account for peacekeeping operations during the biennium 2000–2001. A larger proportion of staff costs for the important activities conducted in the field of human rights and humanitarian affairs should also be funded from the regular budget.

50. The increased recourse to extrabudgetary funding and to the peacekeeping budgets to carry out priority activities of the Organization which should normally be funded from the regular budget represented an unfortunate trend and made planning and management more difficult. Priority activities should not remain dependent on voluntary contributions.

51. The growth rate of the Organization's budget was not a question of principle for Norway. In certain circumstances, allowance should be made for real budget growth. Normalizing the funding of some priority activities was an obvious goal for any such growth. More broadly speaking, the United Nations budget should not be an exercise in abstraction, but should reflect and respond to current global realities.

52. *Mr. Ahounou (Côte d'Ivoire), Vice-Chairman, took the Chair.*

53. **Ms. Powles** (New Zealand), speaking also on behalf of the delegations of Australia and Canada, said that, in order for the budget outline to be a useful planning figure it must represent a realistic forecast of the Organization's financial requirements. She therefore regretted the absence from the Secretary-General's proposed programme budget outline for the biennium 2000–2001 of any provision for the costs of known special missions; the omission of that provision was not consistent with sound budgetary planning and control. She agreed, however, with ACABQ that only the costs of those missions which were expected to be extended or approved

during the biennium should be included in the budget outline. The usual procedures would then apply to any unforeseen missions that might arise during a biennium. Such refinement of the outline was entirely consistent with previous General Assembly decisions which recognized that the methodology of the outline required further improvement and that the whole exercise should be applied with flexibility. Special missions should therefore be included in the outline as a logical and necessary step in the refinement of the process.

54. She did not share the view of ACABQ that the compensating economies of $20 million should not be used in the outline to offset new mandates. The modest gains in efficiency were well within the range of normal productivity gains which any budget of that size should be able to achieve with effective modern management.

55. Lastly, General Assembly resolution 41/213 described a process and not a philosophy for setting the level of the budget. It was for Member States to determine collectively the actual budget level for each biennium based on the prevailing political and economic conditions. The financial crisis currently affecting many Member States, for example, provided a compelling reason for the United Nations to continue to live within its means and to avoid any departure from current budget levels.

56. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, said that she fully supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China. She was concerned to note that, owing to the Organization's financial difficulties, funds and resources earmarked for peacekeeping operations continued to be used to pay for activities that normally should be funded from the regular budget. Thus, because Member States that contributed troops and equipment were not being reimbursed for those contributions, they financed a disproportionate share of the regular budget.

57. The proposed programme budget outline should be consistent with General Assembly resolution 41/213. The proposed budget should be adjusted to reflect the mandates contained in the medium-term plan, not vice versa. The proposed outline for 2000–2001 went beyond the provisions of resolution 41/213, since it included an amount of $13.1 million for the Development Account even though the Fifth Committee was currently examining the Account's financing mechanism and the General Assembly had not yet taken decisions on such controversial matters as the sustainability of the Account. She was struck by the fact that the proposed amount of the budget, which was 2.5 per cent smaller than that of the current budget, included a $900,000 increase in resources for oversight and a $1.1 million reduction in resources for public information.

58. The manner in which special political missions were financed was unsatisfactory. Resources should be allocated for such activities after the outline had been approved; the failure to do so in the past had resulted in the need for complex negotiations on the financing of those activities. She asked for clarification of the indication, in paragraph 7 of the Secretary-General's report (A/53/220*), that economies of about $20 million were anticipated. She wondered where those economies would come from and why they had been deducted directly in the calculation of the final estimate instead of being allocated to the Development Account. She also asked why the Millennium Assembly, which was part of the Secretary-General's reform agenda, had not been mentioned in paragraph 6 concerning the financing of major conferences and special sessions. Although the Millennium Assembly would coincide with the regular session of the General Assembly, she wondered whether funding for preparatory meetings and other activities related to that event had been included in the outline.

59. The Rio Group was concerned about the international economic context in which the outline had been submitted. Particularly striking were the significant changes in the price of the United States dollar in relation to the Swiss franc and the Austrian schilling. Moreover, the interest rates on the most frequently invested currencies had fallen considerably; that meant that less interest would be earned on the Organization's bank deposits. Those circumstances reduced the likelihood that the Organization would achieve economies based on exchange rates and required it to estimate more carefully the resources that would be needed to fund all the activities authorized by the General Assembly.

60. **Mr. Repasch** (United States of America) said he was confident that the Committee would agree on an overall dollar amount for the proposed budget for the coming biennium that would enable the Organization to carry out all its important activities while remaining within the level of the current budget. He was pleased that the estimate contained in the proposed programme budget outline provided modest funding increases for priority activities such as development, human rights, humanitarian affairs and internal oversight. At a time when many States, especially developing countries, faced severe constraints in their own economies, it was important to be sensitive to their difficulties in dealing with the added burden of United Nations assessments.

61. Unfortunately, the outline did not include the estimated costs of a number of renewable political missions related to peace and security, which amounted to $112 million for the

coming biennium. It was inconceivable that a preliminary budget outline should have excluded the estimated costs of activities in one of the Organization's priority areas of action. He therefore agreed with the Secretary-General on the need to find ways to include resources for such missions in the proposed budget.

62. Regarding the contingency fund, he asked the Secretariat to provide information on its experience with the fund over the past five years, and asked the Advisory Committee to explain why it had endorsed the proposed level of the fund. His delegation continued to feel that additional expenses over and above the agreed budget level could and should be financed with savings achieved through efficiency gains, offsets in the current budget and the elimination of marginal or obsolete programmes. He welcomed the indication that efficiency gains were expected to result in savings of $20 million, as well as the recent recommendations of the Committee for Programme and Coordination aimed at strengthening the implementation of planning and budgeting rules, particularly those concerning the evaluation of programme activities to determine their effectiveness, efficiency and continued relevance.

63. His Government took the position that the overall level of the proposed budget outline must not exceed that of the current budget. It could show no flexibility on that score, as major constraints on its own national budget would prevent it from financing increased assessments for the United Nations and other international organizations. However, the ongoing reform and restructuring efforts and the constant scrutiny, by programme managers and oversight bodies, of the Organization's activities would result in the identification of economies that would make it possible to achieve that goal without adversely affecting the full implementation of mandated programmes.

64. **Mr. Kuznetsov** (Russian Federation) said his delegation believed that the budget outline served as a guide to the level of resources in the preparation of the next programme budget and was preliminary and strictly indicative in nature. It took note of the preliminary estimate of resources for the biennium 2000–2001.

65. The outline did not include appropriations associated with the possible extension of the mandates of existing special political missions. Despite the Secretary-General's proposals and the clear recommendations of the Advisory Committee in its report (A/52/7/Add.2), the General Assembly had taken no decision on that question. An analysis of budget performance over past years, particularly in terms of the emergence of unforeseen requirements for special missions, demonstrated the validity of the Secretary-General's proposal in document A/C.5/51/57 that projected requirements for special political missions should be included in the budget outline. His delegation fully supported the position expressed by the Advisory Committee in paragraph 5 of its report (A/53/718).

66. As for the question of excluding amounts for compensating economies from the budget outline, his delegation fully shared the Advisory Committee's views and agreed that it would be best to reflect the results of efforts to achieve a more efficient utilization of resources in the context of performance reports or the proposed programme budget, indicating the nature of the savings and the items of expenditure to which they related. His delegation also felt that the Secretary-General, without indicating the specific sources of proposed economies, should submit to the General Assembly, together with the preliminary estimates, strictly preliminary forecasts of compensating economies.

67. His delegation supported the Secretary-General's proposal that the level of the contingency fund should be maintained at 0.75 per cent of the overall level of resources for the first outline, and shared the Advisory Committee's view regarding the need to abide by the provisions of General Assembly resolutions 41/213 and 42/211.

68. **Ms. Chen Yue** (China) said that the proposed programme budget, as well as the proposed programme budget outline, should be based on the need to provide adequate resources for the Organization's mandated programmes and activities. The overall amount proposed in the outline should not be considered a final figure, but should be adjusted to meet actual needs. She supported the Advisory Committee's views and recommendations concerning the $20 million in compensating economies included in the budget outline (A/53/718, para. 7). That amount should not be reflected in the outline, not only because there was no way to ensure that such savings would actually be achieved, but also because any savings resulting from efficiency measures must be transferred to the Development Account.

69. Her delegation would consider the Secretary-General's proposal that projected requirements for special political missions should be included in the budget outline. That approach would ensure a more prompt response to future needs for such missions and would make the outline more comprehensive and transparent.

70. Lastly, she agreed that the priority areas identified in the medium-term plan for the period 1998–2001 should be reflected in the proposed programme budget for the biennium 2000–2001. Resources for development activities should be increased.

71. **Mr. Kabir** (Bangladesh) said that, since the proposed programme budget outline was only a tentative indication of the resources that would probably be needed in the coming biennium, it should not be seen as a standard; rather, resource allocation should be based on the need to implement fully all mandated programmes and activities. The outline should in no way be used to reduce the level of the proposed budget. Moreover, the funding of United Nations programmes ultimately depended on the fulfilment by Member States of their financial obligations under the Charter.

72. While he welcomed the proposal for increased funding for international and regional cooperation for development, he was uncomfortable with the proposal for increased funding for an area that was not one of the priorities of the medium-term plan. Since the reforms being implemented within the United Nations should be matched by efforts to improve the Organization's image in the outside world, more resources should be allocated to the Department of Public Information. Most of those resources should be used in the field to strengthen United Nations information centres. Where required, the effectiveness of those centres should be evaluated.

73. On the subject of the $20 million in compensating economies projected by the Secretary-General, he concurred with the observations in paragraph 7 of the Advisory Committee's report (A/53/718). There was merit in the proposal that provision should be made in the regular budget for special missions to ensure that other mandated programmes were not adversely affected. Lastly, regarding the overall level of the proposed budget outline, the Advisory Committee's recommendation in paragraph 10 of its report deserved consideration.

74. **Mr. Halbwachs** (Controller) said that a written response to the request, made by a number of delegations, for more details on the $20 million discussed in paragraphs 6 and 7 of the Secretary-General's report (A/53/220*) would be provided shortly. The United States delegation's request for historical information on the use of the contingency fund would be provided in informal consultations.

The meeting rose at noon.